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## *House of Representatives*

### STATEMENT OF CONGRESSMAN ED CASE OF HAWAII THURSDAY, MAY, 12, 2005

#### IN SUPPORT OF H.R. 2317, THE CREDIT UNION REGULATORY IMPROVEMENTS ACT

Mr. Speaker, I rise today in strong support of H.R. 2317, the Credit Union Regulatory Improvements Act, commonly known as CURIA, of which I am a proud original cosponsor.

As I have noted many times in many ways, our Nation's credit unions provide a truly invaluable service to their approximately 84 million members throughout our country, including over 742,000 members in my Hawai'i alone. Where other financial institutions are unable or unwilling to do business as and when desired by consumers, credit unions have prospered by offering fair, convenient and relevant financing. In doing so, they are one of the key linchpins binding together the economic and social life of so many of our communities, including those of non-urban and rural America.

Let me provide you with just one example from my own district: the southern portion of my home Island of Hawai'i. Small rural and agricultural-based communities are dispersed throughout this low population density region, which thus does not lend itself to traditional urban-focused banking.

Instead, the main branch of Ka'u Federal Credit Union, known as the southernmost credit union in the United States, is located in the small town of Na'alehu and provides its residents with highly personal and tailored services. But Ka'u FCU has taken its service a step further and added two additional branches in nearby com-

munities--one in Ocean View and the other in Pahala--each located in a local grocery store and no bigger than the size of a small car.

Of course, credit unions are prospering in urban and suburban areas of our country and my Hawai'i as well. This is because they all share the characteristics of highly personal, member-invested services. They are thus clearly a great success story throughout our entire country. Support for our credit unions should thus be one of our key goals. Here in Congress, one of the best ways to do so is to support this bipartisan legislation.

H.R. 2317 contains three major sections, which, as outlined below, will modernize credit union net worth standards, advance credit union efforts to promote economic growth, and make several needed modifications to credit union activities, governance, and oversight.

According to the National Credit Union Administration (NCUA), the independent federal agency that charters and supervises federal credit unions, modifications to the Prompt Correction Action (PCA) system are needed to ensure that the standards are "aptly robust" and "not unduly burdensome or constraining." This legislation would revise thresholds for PCA net worth categories for credit unions to new net worth ratio thresholds that are comparable to those used by the Federal Deposit Insurance Corporation (FDIC) for the leverage requirement.

H.R. 2317 would also provide a much-needed update to the definition of net worth in the Federal Credit Union Act for purposes of credit union mergers. The Financial Accounting Standards Board has proposed eliminating the pooling accounting method for mergers and requiring all credit union mergers to apply the purchase method after 2006. Under the purchase method of accounting, only the surviving credit union's retained earnings count as net worth for PCA purposes. This legislation codifies that recommendation.

Finally, CURIA will update and modernize a number of specific outdated regulatory burdens and make other necessary changes to the credit union regulatory system, including improving credit union leasing arrangements on federal land, permitting limited investments in securities, reforming credit union governance, and altering credit union conversion voting requirements.

Mr. Speaker, I commend both the gentleman from California (Mr. ROYCE) and the gentleman from Pennsylvania (Mr. KANJORSKI) for once again spearheading CURIA. I look forward to working with them and my other cosponsors in supporting this vital initiative.